



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 8, 2008

Mark Cunningham
Vice President
Holly Energy Partners-Operating, L.P.
100 Crescent Court, Suite 1600
Dallas, TX 75201

CPF 5-2008-5020W

Dear Mr. Cunningham:

On March 24-28, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your pipeline facilities and records in Mt. Home, Idaho.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

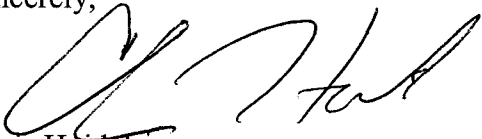
1. **§195.442 Damage Prevention Program.**
 - (c) **The damage prevention program required by paragraph (a) of this section must, at a minimum:**
 - (3) **Provide a means of receiving and recording notification of planned excavation activities.**

At the time of the inspection, the operator's one-call records only include the planned excavation notices that may impact the pipeline right of way (ROW). The notices that did not impact the ROW were not retained. There was no complete record of all one call tickets and their dispositions. Therefore, PHMSA cannot thoroughly evaluate the timeliness of the operator's response.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Holly Energy Partners-Operating, L.P. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2008-5020W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,



Chris Hordal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 B. Brown (#120794)